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(Original Signature of Member)

107TH CONGRESS
2^D SESSION

H. R. _____

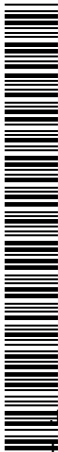
IN THE HOUSE OF REPRESENTATIVES

Mr. KANJORSKI introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Solid Waste Disposal Act to authorize the
Environmental Protection Agency to guarantee loans to
homeowners with properties contaminated by leaking un-
derground storage tanks, to assist such homeowners in
moving from such properties on a temporary or perma-
nent basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*



1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Emergency Home Fi-
3 nancing Assistance Act”.

4 **SEC. 2. GUARANTEED LOAN PROGRAM.**

5 (a) AMENDMENT.—Subtitle I of the Solid Waste Dis-
6 posal Act (42 U.S.C. 6991 et seq.) is amended by adding
7 at the end the following new section:

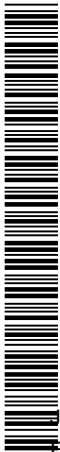
8 “LOAN GUARANTEES FOR OWNERS OF HOMES AFFECTED
9 BY LEAKING UNDERGROUND STORAGE TANKS

10 “Sec. 9011. (a) PROGRAM AUTHORITY.—

11 “(1) IN GENERAL.—In accordance with the pro-
12 visions of this section, the Administrator may guar-
13 antee, and make commitments to guarantee, loans
14 made to homeowners whose properties have been
15 contaminated, and reduced in value, by leaking un-
16 derground storage tanks to assist such homeowners
17 to obtain other temporary or permanent residences
18 or to obtain the equity in the property for any other
19 purpose.

20 “(2) ADMINISTRATION BY SPECIAL MASTER.—

21 The Administrator shall administer the loan guar-
22 antee program under this section through a Special
23 Master, who shall be appointed by the Adminis-
24 trator. The Special Master shall carry out all func-
25 tions of the Administrator under this section, includ-



1 ing the promulgation of any substantive and proce-
2 dural rules for the administration of the program.

3 “(b) ELIGIBLE LOANS.—To be eligible to be guaran-
4 teed under this section, a loan shall meet the following
5 requirements:

6 “(1) USE.—The proceeds of the loan may be
7 used only for the purpose of—

8 “(A) acquiring, by purchase or lease, a
9 property consisting of one to four dwelling
10 units, which shall be occupied as the principal
11 residence of the borrower; or

12 “(B) obtaining the equity in the property
13 for any other purpose.

14 “(2) BORROWER.—The loan shall be made to a
15 borrower who—

16 “(A) has an income not exceeding
17 \$100,000, as such amount may be adjusted for
18 inflation according to an appropriate index, as
19 determined by the Secretary; and

20 “(B) is the owner of a qualified property
21 under subsection (c).

22 “(3) LENDER.—The loan shall be made by a
23 lender approved by and meeting qualifications estab-
24 lished by the Administrator. The following lenders
25 are deemed to be approved under this paragraph:



1 “(A) Any mortgagee approved by the Sec-
2 retary of Housing and Urban Development for
3 participation in the single family mortgage in-
4 surance program under title II of the National
5 Housing Act.

6 “(B) Any lender whose housing loans
7 under chapter 37 of title 38, United States
8 Code, are automatically guaranteed pursuant to
9 section 1802(d) of such title.

10 “(C) Any lender approved by the Secretary
11 of Agriculture to make guaranteed loans for
12 single family housing under the Housing Act of
13 1949.

14 “(D) Any other lender that is supervised,
15 approved, regulated, or insured by any agency
16 of the Federal Government.

17 “(4) SECURITY.—The loan shall be secured by
18 the qualified property of the borrower.

19 “(5) TERMS.—The loan shall—

20 “(A) be made for a term not exceeding 30
21 years;

22 “(B) bear interest (exclusive of the guar-
23 antee fee under subsection (e)(3) and service
24 charges, if any) at a rate agreed upon by the
25 borrower and the lender and determined by the



1 Administrator to be reasonable, which may not
2 exceed the rate generally charged in the area
3 (as determined by the Administrator) for home
4 mortgage loans not guaranteed or insured by
5 any agency or instrumentality of the Federal
6 Government; and

7 “(C) involve a principal obligation not
8 exceeding—

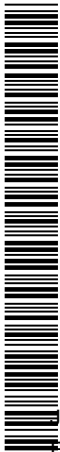
9 “(i) the dollar amount limitation de-
10 termined under section 305(a)(2) of the
11 Federal Home Loan Mortgage Corporation
12 Act for a single-family residence (as such
13 limitation is adjusted annually);

14 “(ii) the amount approved by the Ad-
15 ministrator under this section; or

16 “(iii) 100 percent of the pre-release
17 fair market value of the qualified property
18 owned by the borrower, as determined by
19 the Administrator.

20 “(c) QUALIFIED PROPERTY.—For purposes of this
21 section, a qualified property is a one- to four-family resi-
22 dence that—

23 “(1) is located on real property on any part of
24 which is within an area that is affected by a release



1 from an underground storage tank, as determined by
2 the Administrator;

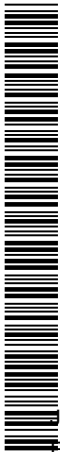
3 “(2) immediately before the making of the loan
4 guaranteed under this section, is the principal resi-
5 dence of the borrower under the loan (unless the
6 borrower has temporarily relocated to avoid the con-
7 sequences of the release referred to in paragraph
8 (1));

9 “(3) is determined by the Administrator to be
10 covered by an agreement entered into under sub-
11 section (d); and

12 “(4) is determined by the Administrator to be
13 eligible for a loan guaranteed under this section.

14 “(d) AGREEMENTS WITH LOCAL HOUSING AGEN-
15 CIES TO MAINTAIN UNOCCUPIED PROPERTIES AND TAKE
16 TITLE.—An agreement under this subsection is a legally
17 binding agreement entered into between the Administrator
18 and a public housing agency (as such term is defined in
19 section 3(b) of the United States Housing Act of 1937
20 (42 U.S.C. 1437a(b)) or other entity selected by the Ad-
21 ministrator that provides that—

22 “(1) in the case of a loan guaranteed under this
23 section under which the borrower maintains the bor-
24 rower’s interest in a qualified property located with-
25 in the jurisdiction of the public housing agency or

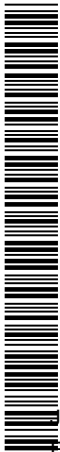


1 other such entity, the public housing agency or other
2 entity shall take any actions necessary to physically
3 maintain the qualified property during the period
4 that such property remains unoccupied by the bor-
5 rower;

6 “(2) in the case of a loan guaranteed under this
7 section under which the borrower does not retain the
8 borrower’s interest in a qualified property located
9 within the jurisdiction of the public housing agency
10 or other such entity, the public housing agency or
11 other entity shall take title to the qualified property
12 and shall take any actions necessary to physically
13 maintain the qualified property during any period
14 that the property remains unoccupied; and

15 “(3) in the event that the Administrator obtains
16 title to a qualified property located within the juris-
17 diction of the public housing agency or other such
18 entity, pursuant to a default on a loan guaranteed
19 under this section, the public housing agency or
20 other entity shall take title to the qualified property
21 from the Administrator and shall take any actions
22 necessary to physically maintain the qualified prop-
23 erty during any period that the property remains un-
24 occupied.

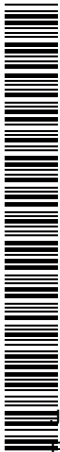
25 “(e) GUARANTEE.—



1 “(1) LIMITATION.—The Administrator may not
2 guarantee, or make a commitment to guarantee, any
3 loan under this section in an amount exceeding 90
4 percent of the principal amount of the loan.

5 “(2) PRIVATE GUARANTEE OR INSURANCE.—To
6 be eligible for a guarantee under this section, any
7 portion of a loan that is not guaranteed by the Ad-
8 ministrator shall be covered by a guarantee or mort-
9 gage insurance provided by a State or local agency
10 or a private mortgage insurer.

11 “(3) FEE.—The Administrator shall fix and
12 collect a guarantee fee for the guarantee of loans
13 under this section, which shall be a percentage of
14 the principal amount of the loan guaranteed under
15 this section that does not exceed the percentage al-
16 lowable under section 438(c)(2) of the Higher Edu-
17 cation Act of 1965 (20 U.S.C. 1087–1(c)(2)) to be
18 charged as an origination fee under such section.
19 The fee shall be paid by the lender at time of
20 issuance of the guarantee and shall be adequate, in
21 the determination of the Administrator, to cover ex-
22 penses and probable losses. The Administrator shall
23 deposit any fees collected under this subsection in
24 the loan guarantee fund established under sub-
25 section (i) of this section.



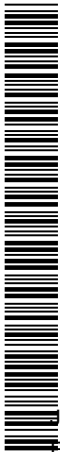
1 “(4) LIABILITY.—The liability under a guar-
2 antee provided under this section shall decrease or
3 increase on a pro rata basis according to any de-
4 crease or increase in the amount of the unpaid obli-
5 gation under the provisions of the loan agreement.

6 “(f) CERTIFICATE OF GUARANTEE.—

7 “(1) APPROVAL PROCESS.—Before the Adminis-
8 trator approves any loan for guarantee under this
9 section, the lender shall submit the application for
10 the loan to the Administrator for examination. If the
11 Administrator approves the loan for guarantee, the
12 Administrator shall issue a certificate under this
13 paragraph as evidence of the guarantee.

14 “(2) STANDARD FOR APPROVAL.—The Adminis-
15 trator may approve a loan for guarantee under this
16 section and issue a certificate under this paragraph
17 only if the Administrator determines there is a rea-
18 sonable prospect of repayment of the loan.

19 “(3) EFFECT.—A certificate of guarantee
20 issued under this paragraph by the Administrator
21 shall be conclusive evidence of the eligibility of the
22 loan for guarantee under the provisions of this sec-
23 tion and the amount of such guarantee. Such evi-
24 dence shall be incontestable in the hands of the
25 bearer and the full faith and credit of the United



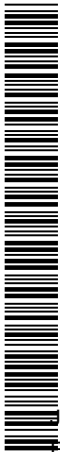
1 States is pledged to the payment of all amounts
2 agreed to be paid by the Administrator as security
3 for such obligations.

4 “(4) FRAUD AND MISREPRESENTATION.—This
5 subsection may not be construed to preclude the Ad-
6 ministrator from establishing defenses against the
7 original lender based on fraud or material misrepre-
8 sentation or to bar the Administrator from estab-
9 lishing by regulations in effect on the date of
10 issuance or disbursement, whichever is earlier, par-
11 tial defenses to the amount payable on the guar-
12 antee.

13 “(g) TRANSFER AND ASSUMPTION.—Notwith-
14 standing any other provision of law, any loan guaranteed
15 under this section, including the security given for the
16 loan, may be sold or assigned by the lender to any finan-
17 cial institution subject to examination and supervision by
18 an agency of the Federal Government or of any State or
19 the District of Columbia.

20 “(h) PAYMENT UNDER GUARANTEE.—

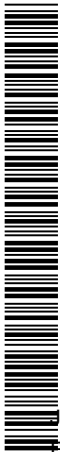
21 “(1) NOTIFICATION OF DEFAULT.—In the event
22 of default by the borrower on a loan guaranteed
23 under this section, the holder of the guarantee cer-
24 tificate shall provide written notice of the default to
25 the Administrator.



1 “(2) PAYMENT OPTIONS.—Upon providing such
2 notice, the holder of the guarantee certificate shall
3 be entitled to payment under the guarantee (subject
4 to the provisions of this section) and may proceed to
5 obtain payment in one of the following manners:

6 “(A) FORECLOSURE.—The holder of the
7 certificate may initiate foreclosure proceedings
8 (after providing written notice of such action to
9 the Administrator) and upon a final order by
10 the court authorizing foreclosure and submis-
11 sion to the Administrator of a claim for pay-
12 ment under the guarantee, the Administrator
13 shall pay to the holder of the certificate the pro
14 rata portion of the amount guaranteed (as de-
15 termined pursuant to subsection (e)) plus rea-
16 sonable fees and expenses as approved by the
17 Administrator. The Administrator shall be sub-
18 rogated to the rights of the holder of the guar-
19 antee and the lender holder shall assign the ob-
20 ligation and security to the Administrator.

21 “(B) NO FORECLOSURE.—Without seeking
22 foreclosure (or in any case in which a fore-
23 closure proceeding initiated under subparagraph
24 (A) continues for a period in excess of 1 year),
25 the holder of the guarantee may submit to the



1 Administrator a request to assign the obligation
2 and security interest to the Administrator in re-
3 turn for payment of the claim under the guar-
4 antee. The Administrator may accept assign-
5 ment of the loan if the Administrator deter-
6 mines that the assignment is in the best inter-
7 ests of the United States. Upon assignment, the
8 Administrator shall pay to the holder of the
9 guarantee the pro rata portion of the amount
10 guaranteed (as determined under subsection
11 (e)). The Administrator shall be subrogated to
12 the rights of the holder of the guarantee and
13 the holder shall assign the obligation and secu-
14 rity to the Administrator.

15 “(3) REQUIREMENTS FOR PAYMENT.—Before
16 any payment under a guarantee is made under para-
17 graph (2), the holder of the guarantee shall exhaust
18 all reasonable possibilities of collection. Upon pay-
19 ment, in whole or in part, to the holder, the note or
20 judgment evidencing the debt shall be assigned to
21 the United States and the holder shall have no fur-
22 ther claim against the borrower or the United
23 States. The Administrator shall then take such ac-
24 tion to collect as the Administrator determines ap-
25 propriate.



1 “(i) LOAN FORGIVENESS.—

2 “(1) AUTHORITY.—If, upon written application
3 to the Administrator, the Administrator determines
4 that the borrower under a loan guaranteed under
5 this section is unable to continue payments under
6 the loan due to the nature and extent of the release
7 affecting the qualified property, financial hardship,
8 demonstrated adverse health effects, or any other
9 factor that the Administrator determines indicates
10 that loan forgiveness under this section is appro-
11 priate, the Administrator may take action under this
12 subsection to forgive all or part of the borrower’s ob-
13 ligation under the loan.

14 “(2) ASSIGNMENT.—Upon a determination pur-
15 suant to paragraph (1), the Administrator shall re-
16 quire the holder of the guarantee to assign the obli-
17 gation and security interest to the Administrator in
18 return for payment of the claim under the guarantee
19 equal to the pro rata portion of the amount guaran-
20 teed (as determined under subsection (e)). The Ad-
21 ministrator shall be subrogated to the rights of the
22 holder of the guarantee.

23 “(3) FORGIVENESS.—Pursuant to assignment
24 under paragraph (2), the Administrator shall cancel



1 such portion of the borrower's obligation as the Sec-
2 retary considers appropriate.

3 “(j) LOAN GUARANTEE FUND.—

4 “(1) ESTABLISHMENT.—There is established in
5 the Treasury of the United States a loan guarantee
6 fund for the purpose of providing loan guarantees
7 under this section.

8 “(2) CREDITS.—The guarantee fund shall be
9 credited with—

10 “(A) any amounts, claims, notes, mort-
11 gages, and contracts acquired by the Adminis-
12 trator under this section, and any collections
13 and proceeds therefrom;

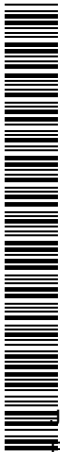
14 “(B) any amounts appropriated under
15 paragraph (7);

16 “(C) any guarantee fees collected under
17 subsection (e)(3); and

18 “(D) any interest or earnings on amounts
19 invested under paragraph (4).

20 “(3) USE.—Amounts in the guarantee fund
21 shall be available, to the extent provided in appro-
22 priation Acts, for—

23 “(A) fulfilling any obligations of the Ad-
24 ministrator with respect to loans guaranteed
25 under this section, including the costs (as such



1 term is defined in section 502 of the Congres-
2 sional Budget Act of 1974) of such loans;

3 “(B) paying taxes, insurance, prior liens,
4 expenses necessary to make fiscal adjustment in
5 connection with the application and transmittal
6 of collections, and other expenses and advances
7 to protect the Administrator for loans which are
8 guaranteed under this section or held by the
9 Administrator;

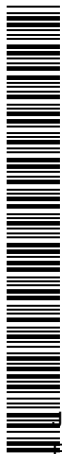
10 “(C) acquiring such security property at
11 foreclosure sales or otherwise; and

12 “(D) paying administrative expenses in
13 connection with this section.

14 “(4) INVESTMENT.—Any amounts in the guar-
15 antee fund that the Administrator determines are in
16 excess of amounts currently required to carry out
17 this section may be invested in obligations of the
18 United States.

19 “(5) LIMITATION ON COMMITMENTS TO GUAR-
20 ANTEE LOANS AND MORTGAGES.—

21 “(A) REQUIREMENT OF APPROPRIA-
22 TIONS.—The authority of the Administrator to
23 enter into commitments to guarantee loans
24 under this section shall be effective for any fis-
25 cal year to the extent or in such amounts as are



1 or have been provided in appropriation Acts,
2 without regard to the fiscal year for which such
3 amounts were appropriated.

4 “(B) LIMITATIONS ON COSTS OF GUARAN-
5 TEES.—The authority of the Administrator to
6 enter into commitments to guarantee loans
7 under this section shall be effective for any fis-
8 cal year only to the extent that amounts in the
9 guarantee fund are or have been made available
10 in appropriation Acts to cover the costs (as
11 such term is defined in section 502 of the Con-
12 gressional Budget Act of 1974) of such loan
13 guarantees for such fiscal year. Any amounts
14 appropriated pursuant to this subparagraph
15 shall remain available until expended.

16 “(C) LIMITATION ON OUTSTANDING AG-
17 GREGATE PRINCIPAL AMOUNT.—Subject to the
18 limitations in subparagraphs (A) and (B), the
19 Administrator may enter into commitments to
20 guarantee loans under this section in each fiscal
21 year with an aggregate outstanding principal
22 amount not exceeding such amount as may be
23 provided in appropriation Acts for such fiscal
24 year.

